



## ATTITUDE OF MERCHANTS TOWARDS E COMMERCE: A CASE OF THANJAVUR TOWN, TAMIL NADU, INDIA

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### Abstract

The term e-commerce can be described in many ways. In a very simple form, it can mean the undertaking commercial functions via an internet or mobile phone. It has emerged as a strategic resource for attaining efficiency, control operations, productivity, and profitability of business entities. There are several major challenges and issues facing the e-commerce today. However, it should also be noted that there are still merchants and customers who fear to make use of e-commerce, as they are concerned with security aspects of such a system. The present study is a survey among 200 merchants in Thanjavur town, Tamil Nadu, India. The study concludes that merchants are willing to use e commerce even it has inherent risk. Hence, the companies should design their website to address security and trust issues. The recommendations to the merchants have to increase the level of awareness towards the recent trends and implications on the e commerce.

**Key Word: E Commerce, Security.**

### E- Commerce: The Concept

The term e-commerce refers to any form of business transaction in which the parties interact electronically rather than by physical exchange of documents or direct meetings amongst official. In simple words, it means 'doing business through online'. It refers to the deployment of on line services and products over electronic and communication networks directly to customers. Through the e - commerce nobody need not visit to the business premises in order to carry out mercantile transactions. (Alagheband,Parisa ,2006). It also allows merchant people to go online for their business transactions and also electronically transfer funds to their accounts, pay bill, and conduct other banking transaction online. It relies greatly on information and communication technology (ICT) to attain its promise for 24 hours availability and faster delivery of business services.

### Types of e – Commerce

- B2B – This is the e-commerce between businesses. The exchange of products, services or information between businesses on the Internet.
- B2V- This is the Business to consumer e commerce. – any business selling its products or services to consumers over the Internet.
- C2C- this is consumer to consumer e commerce.

The e-commerce is now a global phenomenon. It is a precious and influential tool for heavy development, supporting growth, promoting innovation and enhancing competitiveness. A physically powerful industry is essential in every country and can have a major affect in supporting economic development through competent financial services. It has had huge impact on the entire industry. It requires developing creative solutions of how to make full use of the new technology and how to provide their business people with high online service quality. When lacking face to face interaction, merchant people must increase the experienced online service quality among customers in order to attain and sustain competitive advantages and customer relationships.

### Review of Literature

Joseph *et al.*, (1999) investigated the influence of internet on the delivery of business services. They found six underlying dimensions of e-commerce service quality such as convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization. Jun and Cai (2001) identified 17 service quality dimensions of e commerce service quality. These are reliability, responsiveness, competence, courtesy, credibility, access, communication, understanding the customer, collaboration, continuous improvement, content, accuracy, ease of use, timeliness, aesthetics, security and divers features. They also suggested that some dimensions such as responsiveness, reliability and access are critical for both traditional and internet banks.

Jayawardhena (2004) transforms the original SERVQUAL scale to the internet context and develops a battery of 21 items to assess service quality in e-commerce. By means of an Exploratory Factor Analysis (EFA) and a Confirmatory Factor Analysis (CFA), these 21 items are condensed to five quality dimensions: access, website interface, trust, attention and credibility.



According to **IAMAI report on e-commerce (2006)** 43% of e-commerce users haven't started online financial transaction because of security reasons, 39% haven't started because they prefer face to face, 22% haven't started because they don't know how to use, for 10% sites are not user friendly and for 2% firms are not providing the facility of internet commerce. According to research 68% of the merchants cannot say that when they will be starting the financial transactions through internet. Maximum numbers of e-commerce users are male and maximum of them are in age the group of 25-35. Numbers of female users are very less i.e., 17% only.

**Meuter et al. (2000)** have identified critical incidents of customer satisfaction and dissatisfaction with technology-based service encounters. Given that business-to-business transactions are the fastest growing segment of technology-driven services (Hof, 1999); Meuter and his colleagues (2000) suggested investigating what drives business customer satisfaction or dissatisfaction with technology driven services.

**Statement of the Problem**

There are several major challenges and issues facing the e-commerce today. First, and perhaps most important is the security concern. The merchants are certainly concerned of giving their bank account number online or paying an invoice through internet. The challenge facing the e-commerce industry is the quality of service – including both delivery speed (i.e., short advance time required in ordering) and delivery reliability (i.e., delivery of items/services on time), which caused many e-business failures in the earlier dot.com era. The issue of customer unfamiliarity with the internet, which is prominent among senior citizens, has recently caught some attention, because these customers believe that they are left at a disadvantageous position and have become very reluctant in doing business online.

However, it should also be noted that there are still businessmen who fear to make use of e-commerce, as they are concerned with security aspects of such a system. Further, the e-commerce requires access to a computer and access to the Internet which is an additional cost to the client. Moreover, customers may not be IT conversant to use the e-commerce.

So, it is clear that the business people face practical difficulties in usage of e-commerce due to lack of knowledge and temporary failure of systems. In the light of these problems the current study is taken up.

**Objectives of the Study**

1. To analyse reasons why the merchants of Thanjavur town use the e-commerce.
2. To examine overall satisfaction of the merchants with their age and gender
3. To study e-commerce acceptance factors of the merchants.

**Research Methodology**

This is a sample survey that takes the samples from the large population to study the characteristics of the population. This study takes the merchants living in Thanjavur town as the population and 200 sample merchant people were selected as per the convenience sampling technique. A well defined questionnaire was used to collect the opinion of the merchants using the e-commerce. A 'Five point Likert's scale' is used to measure the satisfaction. Chi square test is used with the help of software to test the hypotheses.

**Table 1: Demography of the Respondents**

Variable	Sub division	No. of Customers N=200
Gender	Male	115 (57.5)
	Female	85(42.5)
Age (in years) Above 50 20 (10)	Below-20	40(20)
	20-30	77(38.5)
	30-40	46(23)
	40-50	21(10.5)
	Above-50	16(8)
Qualification	Up to 12th	47 (23.5)
	Graduates	90 (45)
	Post graduates	38 (19)
	Professionals	25 (12.5)
Income (per month)	Below 10,000	41 (20.5)
	10,000-30,000	73 (36.5)
	30,000-60,000	66 (33)
	Above 60,000	20 (10)

Source: Primary data

Table 1 presents the demographic characteristics of the 200 respondents. About 57.5 percent of the respondents are males and 42.5 percent respondents are females. Table 1 also shows that the majority respondents are of 77 percent and they belong to 20-30 years of age. The highest category using online banking services are in the age group of 20-30 years. Majority of the users of e-banking services were graduates (45 percent) and were earning a monthly salary of Rs. 10,000-30,000.

Internal consistency tests were conducted using Cronbach alpha tests (Cronbach, 1946) for the four multi-item measures and are presented in table 2.

**Table 2: Reliability Statistics**

Measures	No. of Items	Reliability for the Sample
Security and Trust 0.836	7	0.836
Awareness 0.856	5	0.856
Familiarity 0.789	4	0.789
Innovation 0.749	4	0.749

Source: SPSS output

The alpha values for all factors vary from 0.75 to 0.86 which are considered acceptable for this type of study (Nunnally, 1978). This reveals that the variables load properly on these four factors.

### Analysis of Data

The data were put in the relevant tables and then the percentage analysis was made. Finally, chi square test was used to test the hypothesis.

**Table 3: Reasons for Choosing the e-Commerce**

S. No	Reason	No. of Respondents	%
1.	24 hours functioning	86	43
2.	Easiness	26	13
3.	Fastness	16	8
4.	Anywhere functioning	60	30
5.	Time saving	5	2.5
6.	Convenient	7	3.5
	Total	200	100

Source: Primary data

Form the above table, it is clear that the '24 hours functioning' is the reason that has majority of the merchant respondents (43 %). At the same time, 'anywhere functioning' is the second reason (supported by 30 % respondents) and that gives utmost usage to them. It is possible to open the website of the particular company, search the information and make transactions from any place so that the merchants feel free and their business transaction becomes very easy.

### Testing the Hypotheses

**Test – 1: Age of the Merchant Respondents and Opinion on Overall Satisfaction on E-Commerce Experience.**

**Null Hypothesis (H0)**

There is no significant relationship between age of the merchants and satisfaction towards overall e-commerce experience.

**Table 4: Age and Overall e-Commerce Experience - Cross Tabulation**

Age	Satisfactory Level					Total
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	
Below-20	9	13	10	6	2	40
20-30	35	21	15	5	1	77
30-40	9	16	10	8	3	46
40-50	4	8	5	2	2	21
Above-50	6	4	4	2	0	16
Total	63	62	44	23	8	200

**Table 5: Chi-Square Test**

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.738	16	.282
Likelihood Ratio	19.418	16	.248
Linear-by-Linear Association	.319	1	.572
N of Valid Cases	200		

Degrees of Freedom = 16  
Chi Square Value = 18.738  
Table Value = 19.418  
At 5% level of significant.

Since the calculated value is less than the table value, the null hypothesis is accepted. Hence there is no significant relationship between the age and overall e-commerce experience.

**Test 2: Gender of The Merchant Respondents And Overall Satisfaction On The E-Commerce Experience**  
**Null Hypothesis (H0)**

There is no significant difference between gender of the merchants and overall satisfaction towards the e-commerce experience.

**Table No 6: Gender and Overall e-Commerce Experience - Cross Tabulation**

Gender of the customers	Overall Satisfaction					Total
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	
Male	38	33	11	21	12	115
Female	30	26	13	8	8	85
Total	68	59	24	29	20	200

**Table No 7: Chi-Square Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.160	4	.385
Likelihood Ratio	4.271	4	.371
Linear-by-Linear Association	.806	1	.369
N of Valid Cases	200		

Degrees of Freedom = 4  
Chi Square Value = 4.160  
Table Value = 4.271  
At 5% level of significant.

Hence it is understood that the calculated value is less than the tabular value, there for null hypothesis (H0) is accepted. There is no significant difference between gender of the merchants and overall satisfaction towards the e-commerce experience.

**The Regression Analysis**

The regression analysis was conducted to reveal how different factors identified through factor analysis affect the use of the e-commerce. The respondents' intention to intensify the acceptance of e-commerce services was regressed on the four independent variables, namely security and trust, innovativeness, familiarity and awareness. The results are reported in table 8.

**Table 8: Regression Analysis on e-Commerce Acceptance Factors**

Diffusion Factors	Regression Co-efficient	t values	Significant Level
(Constant)	2.175	65.923	.000
Security and Trust	.078	2.346	.020
Awareness	.646	19.539	.000
Familiarity	.007	.222	.825
Innovativeness	-.035	-1.051	.294
R	.665		
F ratio	96.946*		

\* Significant at 1 percent level

The regression equation was significant at 1 percent level with the F value of 96.946 and the independent variables account for 67 percent of the variance in degree of the acceptance of the e-commerce by the merchants. Security and trust ( $\beta = 0.078$ ) and awareness ( $\beta = 0.646$ ) were significantly positively related to the acceptance of the e-commerce services, while familiarity and awareness did not emerge as significant factors in explaining the acceptance of the e-commerce services by the respondents. The analysis also demonstrated that perceived security control of the site strongly influenced acceptance of the e-commerce. If the merchants are less concerned about unauthorized use of or illegal access to their personal and financial data by third parties, they will have greater influence on the willingness to use the e-commerce, which in turn will lead to higher acceptance to it. Thus, the business firms should improve their web security features in order to enhance the merchants' acceptance. The study found that 'security' is the most important attribute for e-commerce parties. And it is found out that the selection of the e-commerce service provider is effected by security, reliability and privacy. Security, which involves protecting users from the risk of fraud and financial loss, has been another important issue in safe use of the e-commerce.

### Findings

About 57.5 percent of the respondents are males and 42.5 percent respondents are females. Table 1 also shows that the majority respondents are of 77 percent and they belong to 20-30 years of age. The highest category using the e-commerce services are in the age group of 20-30 years. Majority of the users of the e-commerce were graduates (45 percent) and were earning a monthly salary of Rs. 10,000-30,000.

The '24 hours functioning' is the reason that has majority of the merchants (43 %). At the same time, 'anywhere functioning' is the second reason (supported by 30 % merchants) and that gives utmost usage to them. It is possible to open the website of the business firms, search the information and make transactions from any place so that the consumers feel free and their business transactions becomes very easy.

There is no significant relationship between the age of the merchants and overall e-commerce experience.

There is no significant difference between gender of the merchants and overall satisfaction towards the e-commerce experience.

Security and trust ( $\beta = 0.078$ ) and awareness ( $\beta = 0.646$ ) were significantly positively related to the acceptance of e-commerce services,

### Conclusion

So, the e-commerce experience leads the merchants to a benefit at the large extent in the form of convenience, anytime and anywhere, fastness and convenience. The attraction arises to the merchants from these benefits and so that the a large number of merchants will get the e-commerce in future. The present study shows that the merchants are more willing to use the e-commerce even it has inherent risk. Hence, the companies should design the website to address security and trust issues. The recommendations to the business firms are that they have to increase the level of trust between the firms' website and merchants. From the above, this can be concluded that there is an urgent need of spreading the awareness among the business people.

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